

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

San Diego Gas & Electric Company,
Complainant,

v.

Docket No. EL00-95-028

Sellers of Energy and Ancillary Services,
Respondents.

Investigation of Practices of the California
Independent System Operator and the
California Power Exchange

Docket No. EL00-98-027

Dynegy Power Marketing, Inc.

Docket No. ER01-1449-003

Mirant California, LLC, Mirant Delta, LLC
and Mirant Potrero, LLC

Docket No. ER01-1455-005

Williams Energy Services Corporation

Docket No. ER01-1456-006

NOTICE OF PROXY PRICE FOR MARCH WHOLESALE
TRANSACTIONS IN THE CALIFORNIA WHOLESALE ELECTRIC MARKET
April 16, 2001

On March 9, 2001, the Commission issued an order establishing a proxy market clearing price approach to estimate total potential refunds or offsets in the ISO and PX markets during January through April 2001.¹ The Commission directed the Director of the Office of Markets, Tariffs and Rates to issue a notice of the proxy market clearing price for the month of March. For the month of March, 2001, the proxy price is estimated to result in approximately \$587,000 of total potential refunds or offsets by public utility sellers. These refunds are based on a proxy market clearing price of \$300/MWh.

Following the methodology established by the March 9 order, the proxy price for March is based on:

(1) a combustion turbine with a heat rate of 18,073/Btu/kWh as reported in the three California investor-owned utilities' 1998 FERC Form No. 1;

¹ 94 FERC ¶ 61,245 (The California PX suspended operations at the end of January 2001.)

- (2) the average reported midpoint natural gas price for "Southern California Gas Company large package" transactions as reported in Financial Times Energy's "Gas Daily" publication. This price decreased 24 percent from February to March 2001 from \$19.11/mmBTU to \$14.51/mmBtu;
- (3) the average NOx allowance costs from the Southern California Air Quality Management District NOx Auction as reported by Cantor Fitzgerald Environmental Brokerage Services. This cost decreased from February to March 2001 from 22.50/lb. To \$18.00/lb;
- (4) an average NOx emissions rate of 2 lbs./MWh as reported by public utility sellers; and
- (5) variable O&M costs of \$2/MWh as reported by public utility sellers.

The Attachment contains a list of the parties having transactions with the California Independent System Operator during stage 3 hours to which the proxy price applies and the estimated potential refund obligation for each public utility seller. Any final resolution of the amount of refunds that may be due will be determined pursuant to the procedures established by the Commission's March 9, 2001 order in these dockets.

The identified public utility sellers should refer to the Commission's March 9, 2001 Order for a description of procedures and filing requirements.

Daniel L. Larcamp
Director, Office of Markets, Tariffs and Rates

Attachment

Transaction information filed by the California Independent System Operator (ISO) is used to identify transactions at prices in excess of the \$300/MWh proxy clearing price and to estimate potential refunds. The following is a list of the number of transactions reported by the ISO with a price greater than \$300/MWh made during hours in which the ISO called a Stage 3 Emergency and the potential refunds.

Dynegy Power Marketing, Inc. - Docket No. ER01-1449-003

ISO Energy 194 transactions with a refund potential of \$469,662.60

Mirant California, LLC, Mirant Delta, LLC - Docket No. ER101-1455-005
and Mirant Potrero, LLC

ISO Energy 18 transactions with a refund potential of \$92,620.00

Williams Energy Services Corporation - Docket No. ER01-1456-006

ISO Energy 16 transactions with a refund potential of \$25,574.25

Filings regarding the March transactions addressed by this notice should reference the company specific docket numbers listed above.